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C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 000572

SENSITIVE
SIPDIS

DEPT FOR EAP/J, SCA/INS, ISN/MNSA, ISN/RA, AND ISN/NESS
DOE FOR OFFICE OF NUCLEAR ENERGY

E.O. 12958: DECL: 03/11/2019
TAGS: [PARM](#) [ENRG](#) [TRGY](#) [NRR](#) [PUNE](#) [IN](#) [JA](#)
SUBJECT: EXTENT OF JAPANESE PEACEFUL USE AGREEMENTS MAY
LIMIT U.S. NUCLEAR EXPORTS

Classified By: Charge d'Affaires James Zumwalt, reasons 1.4 b and d

11. (C) Summary: Japanese export control regulations and policies regarding nuclear reactor components could significantly affect the ability of U.S. industry to export nuclear power plants to certain countries, according to recent discussions with officials from Japan's Ministry of Economy, Trade and Industry (METI) and Ministry of Foreign Affairs (MOFA). Since U.S. firms depend on a number of Japanese-origin components when constructing nuclear reactors, a Japanese requirement that any country receiving exported Japanese nuclear power plant components have concluded a Peaceful Use Agreement with Japan could limit U.S. firms' ability to export to third country markets that do not meet the GOJ's requirements. End summary.

12. (C) In meetings with officials from METI and MOFA during the recent visit of DOE DAS for Corporate and Global Partnership Development Ed McGinnis and in Post's subsequent discussions with METI officials, Japanese interlocutors explained the importance of Japan's Peaceful Use Agreements (sometimes called 123 Agreements in the U.S.) in the export of components for nuclear reactors. During a meeting with METI Director for Nuclear Energy Policy Planning Taizo Takahashi, attendees discussed U.S. firms' ability to sell nuclear reactors to third countries, given those firms' need to include components made in Japan in their reactors. Takahashi noted nuclear components, such as reactor vessels, are subject to export control restrictions and their export from Japan to a third country would require an export license from METI. A contact in METI's Security Export Control Policy Division later confirmed this situation is because nuclear reactors and components are subject to the Nuclear Suppliers Group (NSG) list control.

13. (C) However, before METI will review nuclear reactor components for export, recipient countries have to have concluded a Peaceful Use Agreement with Japan. Given that reactors sold by U.S. firms cannot be completed without Japanese components, the ability of U.S. firms' to export to certain countries may be limited by the extent of Japan's Peaceful Use Agreements.

14. (C) Takahashi's staff told Econoff and Energy Attache in subsequent conversation that not only would export of Japanese components require a Peaceful Use Agreement between Japan and the importing country, but that the GOJ also requires importing countries to have signed an Additional Protocol with the IAEA. According to METI officials, MOFA will not begin negotiations towards signing a Peaceful Use Agreement until the partner country has ratified the

Additional Protocol.

The case of India

¶5. (C) Japan's requirement for a Peaceful Use Agreement has important implications for U.S.-India civil nuclear cooperation. Effectively, while the NSG exemption that the USG negotiated for India opens the door for foreign firms to do business there, the Japanese restrictions could have an impact on U.S. firms.

¶6. (C) In the course of discussions between DAS McGinnis and MOFA Director General for Disarmament, Non-proliferation and Science Ambassador Toshio Sano, Sano addressed the issue of India. Sano, while not specifically mentioning Peaceful Use Agreements, noted "something else" would be required before Japan would consider the export of components to India. Alluding to the CTBT, he said the existing assurances given by India would not be sufficient. Takahashi confirmed Japan would need additional assurances. He added the NSG exemption makes no mention of what would happen if India resumes testing, and noted this would be a problem that would halt any Japanese cooperation.

The way forward

¶8. (C) In discussion with Takahashi related to India, he

TOKYO 00000572 002 OF 002

noted METI is positive on the subject of cooperation, and implied the holdup on progress in cooperation with India is MOFA. (Comment: Such mutual fingerpointing between METI and MOFA on sensitive international economic issues is not unusual. End comment.) Takahashi stated METI is trying to change public opinion on the subject of India nuclear cooperation, and is working to make it clear any relationship is aimed at strengthening non-proliferation goals, rather than supporting business. He noted the USG could assist by communicating to MOFA the importance of engaging with India to support non-proliferation.

¶8. (C) Because of the implications for the U.S. nuclear industry, Post will continue working with METI and MOFA to further clarify the details of the laws and regulations relating to the export of nuclear plants and components.

¶9. (U) This cable was cleared with DAS McGinnis subsequent to his return to the U.S.
ZUMWALT